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Robert R. Kinas (Nevada Bar No. 6019)
Meridith J. Strand (Nevada Bar No. 7931)
SNELL & WILMER L.L.P.
3800 Howard Hughes Parkway
Suite 1000
Las Vegas, NV 89109
Telephone: (702) 784-5200
Facsimile: (702) 784-5252
E-mail: rkinas@swlaw.com
mstrand@swlaw.com

*Attorneys for Ed and Sue Schoonover, Aylene
Geringer and Mark Zipkin*

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In re:

USA COMMERICAL MORTGAGE
COMPANY,

Debtor.

Case No. BK-S-06-10725-LBR
Chapter 11

In re:

USA CAPITAL REALTY ADVISORS,
LLC,

Debtor

Case No. BK-S-06-10726-LBR
Chapter 11

In re:

USA CAPITAL DIVERSIFIED TRUST
DEED FUND, LLC,

Debtor.

Case No. BK-S-06-10727-LBR
Chapter 11

In re:

USA CAPITAL FIRST TRUST DEED
FUND, LLC,

Debtor.

Case No. BK-S-06-10728-LBR
Chapter 11

In re:

USA SECURITIES, LLC

Debtor.

Case No. BK-S-06-10729-LBR
Chapter 11

Affects:

- ☒ All Debtors
- ☐ USA Commercial Mortgage Co.
- ☐ USA Securities, LLC
- ☐ USA Capital Realty Advisors, LLC
- ☐ USA Capital Diversified Trust Deed
- ☐ USA First Trust Deed Fund, LLC

Date: May 18, 2006
Time: 9:30 a.m.

STATEMENT OF POSITION AND CONDITIONAL OBJECTION OF ED AND SUE SCHOONOVER, AYLENE GERINGER AND MARK ZIPKIN REGARDING THE DEBTOR'S MOTION AUTHORIZING DEBTOR PURSUANT TO 11 U.S.C. § 105 AND 363(b)(1) TO ACCEPT LOAN PAYMENT PROCEEDS AND PROVIDE PARTIAL RELEASES OR FULL RELEASES IN CONNECTION WITH THE SALE OF PROPERTIES SECURING LOANS ('MOTION')

Ed and Sue Schoonover, Alyene Geringer and Mark Zipkin ("Direct Lenders"), by and through counsel, Snell & Wilmer, file this Statement of Position and Conditional Objection to the Debtor's Motion. The Schoonovers, Geringer and Zipkin are Direct Lenders on loans made to various borrowers ("Borrowers") which loans are serviced by the Debtor pursuant to a Loan Servicing Agreement.

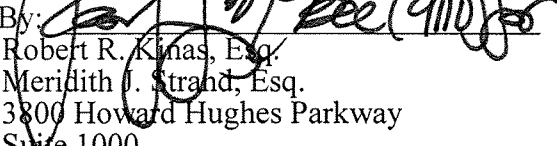
In the Debtor's Motion, the Debtor requests permission to provide various partial and / or complete releases of the Direct Lenders' collateral as allegedly required by the loan documents. The Debtor, then, identifies several loans ("Identified Loans") where partial and / or complete releases are required. Notwithstanding the identification of these specific loans, the Debtor arguably is requesting authority for releases both on the Identified Loans as well as certain unidentified loans requiring releases in the future. To the extent the Debtor is seeking permission to grant releases on future loans, the Direct Lenders request that the Debtor give notice of the intended release to the affected Direct Lenders at least 15 days before the release is given.

In return for the partial and / or complete releases, the Debtor, presumably, will be receiving cash from the Borrowers. The Debtor's Motion fails to confirm (1) that the loan proceeds will be sequestered in the DIP Collection Account, (2) that the liens of the Direct Lender will attach to these loan proceeds to the same extent the liens attached to the collateral being released and (3) that the proceeds will remain untouched and unspent pending further hearings on disbursement to the Direct Lenders, all of which is in conformity with the Court's prior orders entered on May 3, 2006. Without such confirmation from the Debtor, the Debtor is impairing the position of the Direct Lenders and is improperly using the Direct Lender's cash collateral. To the extent the Debtor's Motion contemplates the use of this cash collateral, the Direct Lenders specifically object to the same.

1 Wherefore, the Direct Lenders seek an Order instructing the Debtor to specifically
2 confirm that the liens and interests of the Direct Lenders will attach to the proceeds, that the
3 proceeds will be sequestered in the DIP Collection Account and that the proceeds will not be used
4 pending further order of this Court.

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6 DATED this 17th day of May, 2006.

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8 SNELL & WILMER L.L.P.

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11 By: 
12 Robert R. Kinas, Esq.
13 Meridith J. Strand, Esq.
14 3800 Howard Hughes Parkway
15 Suite 1000
16 Las Vegas, NV 89109
17 *Attorneys for Attorneys for Ed and Sue Schoonover,*
18 *Aylene Geringer and Mark Zipkin*

Snell & Wilmer

LAW OFFICES
3800 HOWARD HUGHES PARKWAY, SUITE 1000
LAS VEGAS, NEVADA 89109
(702)784-5200